



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

J627

November 29, 2011

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) AND
JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG)

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 415, Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies) and Revise Type Physical Inventory/Transaction History Code C and Add Code Z (Supply/MILSTRAP) (Staffed as PDC 299A)

The attached change to DOD 4000.25-M, DLMS, and DOD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), is approved for implementation.

Addressees may direct questions to Ms. Mary Jane Johnson, DOD MILSTRAP Administrator, e-mail: Mary.Jane.Johnson@dla.mil. Others must contact their Component designated Supply PRC or JPIWG representative.

A handwritten signature in black ink, appearing to read "Donald C. Pipp".

DONALD C. PIPP

Director

DLA Logistics Management Standards

Attachment
ADC 415

cc:
ODASD(SCI)

ATTACHMENT TO ADC 415
Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies) and
Revise Type Physical Inventory/Transaction History Code C and Add Code Z

1. ORIGINATOR:

- a. **Service/Agency:** Defense Logistics Agency
- b. **Originator:** DLA J-3312; DLA Joint Physical Inventory Working Group (JPIWG) Representative, DSN 427-1606, Commercial 703-767-1606

2. FUNCTIONAL AREA:

- a. **Primary:** Supply/Physical Inventory Control Program
- b. **Secondary(ies):** None

3. REFERENCES:

- a. DOD 4000.25-M, DLMS, Volume 2, Chapter 6, as revised by Approved DLMS Change (ADC) 307 (reference 3d), www.dla.mil/j-6/dlms/eLibrary/manuals/dlms/v2.asp
- b. DOD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), www.dla.mil/j-6/dlms/eLibrary/Manuals/MILSTRAP/default.asp
- c. DLMSO memorandum, April 25, 2007, subject: ADC 237, Rename Location Audit Program to Record Reconciliation Program, <http://www.dla.mil/j-6/dlms/eLibrary/Changes/approved3.asp>
- d. DLMSO memorandum, November 10, 2008, subject: ADC 307, Administrative Update to DLMS, Volume 2, Chapter 6, Physical Inventory Control, and DLMS Supplements (DS) 846P, 846R, and 888I , www.dla.mil/j-6/dlms/eLibrary/Changes/approved4.asp

4. REQUESTED CHANGE:

- a. **Title:** Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies) and Revise Type Physical Inventory/Transaction History Code C and Add Code Z (Supply).
- b. **Description of Change:**

1) **The Defense Logistics Agency (DLA) proposes this change to revise the ICE Report-General Supplies, DD Form 2338-2 (Sep 2000)**, identified in DOD 4000.25-M, DLMS, Volume 2 (reference 3a), Chapter 6, and DOD 4000.25-2-M, MILSTRAP (reference 3b), Chapter 7, and Appendix AP1.2, to enhance data analysis and Inter/Intra Service reporting. Currently the report is used by the DLA and DLA Distribution as a management tool to measure the performance of the distribution operations. The quarterly report is also forwarded to each Component displaying physical inventory performance data for their materiel stored at DLA Distribution facilities. This change approves a complete revision of the ICE Report for General Supplies.

(a) **The revised ICE Report Part I** focuses on Physical Inventory and Denial performance statistics to create a meaningful summary of data for DLA as well as Inter-Service ICE reporting.

(b) **The revised ICE Report Part II** is not applicable to Inter-Service reporting and, does not have a prescribed format but recognizes what performance data will be maintained by the Components.

(1) Part II groups Receipt processing, the Record Reconciliation Program, and Record Accuracy sampling results into a new section where the method of performance visibility and management reporting will vary (i.e. Management Information Systems, Record Reconciliation Reports, Performance and Analysis Briefings, etc). While Part II identifies the performance elements to be collected and maintained, it would not be used for reporting actual performance statistics.

(2) **NOTE:** The revised ICE Report Part II does not take into consideration the current procedure's footnote number 8 for Receipt Processing Performance (MILSTRAP C7.9.2.1.2.) which states that "Performance data maintained by DLA for materiel stored at DSS locations regardless of ownership." Based on the current chapter 7 footnotes DLA is responsible for maintaining performance data for both materiel denials (which is included in the revised report Part I) and receipt processing performance; however, receipt processing performance is excluded from the revised report, Part I. DLA's reason for including it in Part II is documented in subparagraph (1) above.

(3) **COMMENT PRESENTED TO DLA, IN THE PDC, FOR REVISED PART II:** Does the report revision mean that the Component will or should maintain intra-Component distribution and/or owner/manager performance data for Receipt processing, Record Reconciliation Program, and Record Accuracy in an un-prescribed format for sampling results only?
DLA RESPONSE: Components should maintain the data identified in Part II and that this information will not be a part of the ICE Report. DLA understands that the Components may not have access to all of this information and will need to contact DLA to obtain the information. (Joint responsibility as stated by the Air Force)

2) **Revise Type Physical Inventory/Transaction History Code C and Code Z** to provide unique codes for storage activity processes. The second part of this PDC modifies DLMS Data Dictionary, and MILSTRAP Appendix 2.2, Type Physical Inventory/Transaction History Code as follows:

(a) **Code C.** Revise the definition for existing code C to authorize it to be used only by the storage activity. This would give the storage activity a unique code for inventory accuracy improvement initiatives. **NOTE:** This approved change removes the owner/manager ability to use code C to initiate a special inventory for all condition codes for an item. This leaves codes D, H, and I, and J, for owner special inventory, all of which have restrictions for use.

(b) **Code Z:** This approved change provides a definition for new code Z to be used by the storage activity when an adjustment occurs (for a specific supply condition code (SCC)) as a result of mismatches within the storage activity's management system between the storage activity's location balance records for each NSN with location level activity (i.e., balance affecting transactions), and the storage activity's records of the owner balances (i.e. Book-to-Book).

c. Procedures:

- 1) Revise DOD 4000.25-2-M, MILSTRAP Chapter 7, as revised by ADC 237 (reference 3c), as shown in Enclosures 1 and 2.
- 2) Make corresponding changes to DOD 4000.25-M, DLMS, volume 2, Chapter 6, as revised by ADC 307 (reference 3d), (changes not shown).
- 3) Revise DD Form 2338-2, Inventory Control Effectiveness Report (ICE) (General Supplies) as shown in the Enclosure 4. This requires a change to a DOD Form. **DLA Logistics Management Standards office will take action to revise the form upon release of the ADC.**
- 4) **Add the following definition for Book-to-Book Adjustments to MILSTRAP and DLMS:**
ADJUSTMENTS, BOOK-TO-BOOK. Mismatches within the storage activity's management system between the quantity-by-location and the owner balances.
- 5) Update DLMS Data Dictionary and MILSTRAP Appendix 2.2 Type Physical Inventory/Transaction History Code to revise code C definition and add new code Z, as follows (change identified by *red, bold, italicized text*; deleted text is also identified by ~~strike-through~~) (Full code list is shown at Enclosure 5):

<u>Code</u>	<u>Definition</u>
C	Special Inventory, all supply condition codes (<i>SCC</i>). Initiated by owner, accountable officers, or the storage activity <i>in support of inventory accuracy improvement initiatives.</i>
<i>Z</i>	<i>Special Inventory (specified SCC) systemically initiated by the storage activity for quantity mismatches within the storage activity's management system between the quantity-by-location and the owner balances (i.e. Book-to-Book adjustments). Reserved for future DoD assignment.</i>

d. Alternatives. None identified.

5. REASON FOR CHANGE: The DLA and Components developed management information systems to support and assess Physical Inventory Control Program (PICP) requirements and expressed a need to realign the ICE Report information to enhance data analysis. Given the varied range of line items managed by the Components and the depth of inventories, the Monetary Values related to Record Reconciliation and end of day processing did not provide meaningful performance data. Trend analysis was often misleading. Thus, reporting on and including the value of accounting adjustments was not required. However, to maintain the integrity and focus on physical inventory adjustment data a new Part I was created and Part II designed to highlight PICP performance data and accuracy requirements.

6. ADVANTAGES AND DISADVANTAGES:

- a. **Advantages:** The ICE Report is a performance assessment tool to evaluate PICP processes.

This approved change makes the report easier to understand and analyze. The data shown in Part I provide the DLA and the Services a more meaningful summary of physical inventory performance. This will place renewed emphasis on events that cause physical inventory adjustments and actions taken to resolve discrepancies to improve inventory accuracy.

b. Disadvantages: None identified.

7. IMPACT:

a. Data Content/Procedures:

(1) DD Form 2338-2. DLA Logistics Management Standards will take action to revise the Inventory Control Effectiveness Report (General Supplies), DD Form 2338-2, Sep 2000.

(2) May impact Component operating procedures for using the DOD ICE Report.

b. Publication(s):

(1) DOD 4000.25-2-M, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), Chapter 7 and DOD 4000.25-M, DLMS, Volume 2, Chapter 6.

(2) May impact any Component implementing publications and procedures.

c. Automated Information Systems (AIS). Component AIS generating the ICE Report for General Supplies.

8. PDC 299A COMMENTS/RESPONSES:

#	Component	Comment to PDC 299A
1	DLA	RE: Paragraph C7.9.2.2.2. Location Survey. Comment: Type '3' errors are not included in calculating the location accuracy percentage. Revise to read: <i>C7.9.2.2.2. Location Survey. The accuracy rate is computed by dividing the locations with discrepancies (Types 1, and 2 and 3) by the total locations surveyed (during the reporting period) multiplying by 100, and subtracting the result from 100 percent.</i>
2	Army S. Cook Supply PRC 11/14/2009	A review of PDC 299A was conducted with the National Level Community. Please see the following comments: AMMO - Concur, no impact War Reserve - Concur/w comments- Concur with change. There will be an impact to APS storage site business processes and these changes will require changes to LMP. Dependent upon the change effective date, CCSS and SDS will require changes to comply. John Page will respond for the APS LCMC business processes. LOGSA - Concur, no impact SCE-BTL – Concur
3	Navy M. Morra Supply PRC 6/30/09	The Navy accepts subject PDC 299A without any changes.

6 **USAF Comment 2:** MILSTRAP breaks out adjustments by category and goal as follows:

GENERAL SUPPLIES RECORD ACCURACY GOALS
STRATIFICATION SUBPOPULATIONS AND ASSOCIATED GOALS AND TOLERANCE LEVELS

CAT	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
A	UNIT PRICE ≥ \$1,000	99	0
B	UNITS OF ISSUE WHICH MAY BE NONDEFINITIVE OR DIFFICULT TO MEASURE OR (ON-HAND BAL > 50 AND EXTENDED VALUE < \$50,000) OR NSN ACTIVITY (# transactions affecting balance in one year) > 50	95	10
C	DATE OF LAST INVENTORY > 24 MONTHS AND ON-HAND BALANCE < 50	95	5
D	ALL OTHER MATERIEL NOT MEETING ABOVE CRITERIA	95	0

Does the re-designed ICE report break down the adjustments using the same criteria? It seems to us that if DLA measures inventory accuracy this way, then this data needs to be included on the ICE Report. This is the type of info our analysis people will be looking for.

DLA RESPONSE: The re-designed ICE report does not break down adjustments to match to the MILSTRAP categories. If this is a requested change, it will need to be addressed through the JPIWG via a PDC. If approved, it would require a systems change in DSS to provide such a breakout. This system change would apply whether it would be through the ICE report or in the PBA. We are currently unable to provide that type breakout on a large scale, ongoing report at this time. DDC has done this on a limited basis for some internal research/analysis, but have required assistance from an outside data analysis office to accomplish it. Another option is for your analysis people to take the NSNs and data from the ADC 255 report and provide the breakout.

7 **USAF Comment 3)** Previous ICE report had individual ICE Reports by storage site. I know we discussed this at the JPIWG but I'm still not clear as to why the data is no longer broken down by storage site. The perception here is that the AF should be able to look at support metrics by site not just overall data.

DLA RESPONSE: Previous ICE reports have always been reported by Service and electronically by storage site only as a courtesy under the old format. The system programmers have not prioritized development of a non-required report since the initiation of the new ICE format. AF owned materiel is stored at most of our 25 distribution centers. Meeting this request for AF (and each of the Services) would require a rather large resource effort, system changes and result in a voluminous ICE report. Again a change of this type would have to be addressed at the JPIWG and via a PDC.

8 **USAF Comment 4)** Does the new report only show adjustments that required causative research or does it show all adjustments? If it only shows high dollar adjustments then AFGLSC leadership will most likely pursue adding additional metrics to include all adjustments using the PBA.

DLA RESPONSE: The ICE report includes all adjustments, regardless of dollar value. The Storage Activity Accountability to Service Materiel Owners Report (ADC 255) lists individual adjustments >\$16K which coincides with the MILSTRAP causative research criteria guidance.

9

DLA Logistics Management Standards Comments: Request DLA provide a MILSTRAP/DLMS definition for Book-to-Book Adjustments to include in ADC.

NOTE:

- 1) Book-to-Book adjustment definition added.
- 2) Definition for MILSTRAP AP2.2. Type Physical Inventory/Transaction History Code Z revised to correlate with Book-to-Book definition; and made more generic consistent with a DOD level code rather than a DLA level code specifying DLA's DSS.

Book-to-Book Definition: *ADJUSTMENTS, BOOK-TO-BOOK. Mismatches within the storage activity's management system between the quantity-by-location and owner balances.*

Code Z as revised for ADC 415 based on Book-to-Book definition: *Special Inventory (specified SCC) systemically initiated by the storage activity for quantity mismatches within the storage activity's management system between the quantity-by-location and the owner balances. (i.e. Book-to-Book adjustments)*

Old Code Z definition in PDC 299A: *Special Inventory (specified SCC) systemically initiated by DSS for quantity mismatches between the quantity-by-location and owner balance records (e.g. Book-to-Book).*

ENCLOSURE 1 TO ADC 415

REVISIONS TO DOD 4000.25-2-M, MILSTRAP, CHAPTER 7

(except C7.9.2 which is at Enclosure 2) Changes are identified by *red, italicized text* or ~~strike-through~~.

1) Revise section C7.3.4.1:

“C7.3.4.1. Owners, ~~AOs, and storage activities~~ shall initiate special inventories using DI Code DJA transactions, prepared in the appendix AP3.15 format. Storage activities may systemically initiate inventories internal to their system without using a DJA transaction; or if their system requires it, they may use DJA transactions to initiate inventories. If an inventory has not been taken within the past 90 calendar days, cite Type of Physical Inventory/Transaction History Code ~~C~~, D, J, ~~or K~~ in the transaction. If an inventory...”

2) Add new sections C7.3.4.4. and C7.3.4.6, renumber current C7.3.4.4. as C7.3.4.5, as follows:

“C7.3.4.4. Storage activities systemically initiate special inventories, for a specific SCC, as a result of quantity mismatches between the quantity-by-location and owner balance records using Type Physical Inventory/Transaction History Code Z.”

C7.3.4.5. Storage activities may initiate unscheduled inventories as a result of on-hand balance mismatches between the locator and property accountability records with DI Code DJA, using Type Physical Inventory/Transaction History Code M.

C7.3.4.6. Storage activities shall initiate special Inventories (for all SCCs) in support of inventory accuracy improvement initiatives, using Type Physical Inventory/Transaction History C.”

3) Revise paragraph C7.5.4. as follows:

“C7.5.4. Performance Assessment. Reversals after causative research allow for the proper posting of the correct supply transactions and audit trails. The number of inventory adjustments and related monetary values will be separated and identified as follows:

C7.5.4.1. Absolute adjustment rates shall include all gain and loss reversals from reporting and prior quarters' adjustment transactions.

C7.5.4.2. Initial adjustment rates shall not include gain and loss reversals from reporting or prior quarters' adjustments.”

ABOVE SECTION **C7.5.4** replaces:

~~“C7.5.4. Performance Assessment. Reversals against transactions processed within the adjustment period will be separated and identified as follows:~~

~~———— C7.5.4.1. Gross adjustment during the current period,~~

~~———— C7.5.4.2. Reversal of prior quarters' adjustment transactions,~~

~~———— C7.5.4.3. Reversal of current quarters' adjustment transactions, and~~

~~———— C7.5.4.4. Total value of net adjustments during the current period (i.e., value of net gains added to value of net losses).”~~

ENCLOSURE 2 TO ADC 415

MILSTRAP Chapter 7, Section C7.9.2 procedures for the ICE Report-General Supplies.

Replace in its entirety, section C7.9.2., General Supplies Performance Standards and Data, with the following (Change from PDC 299A is **highlighted):**

REVISED C7.9.2. PROCEDURE:

“C7.9.2. General Supplies Performance Standards and Data

“C7.9.2.1. General Supplies Inventory Adjustment Report Data -- Part I. Parentheses with each paragraph number refers to data shown on the ICE Report (Report Control Symbol DD-A&L(Q)935)

C7.9.2.1.1. (Line 1.) Number of Physical Inventories and Variance Rate.¹

C7.9.2.1.1.1. (Line 1.A.) Number of Inventories Completed. The total number of line items inventoried (scheduled and unscheduled). Each SCC for a stock number at each storage activity is a line item.

C7.9.2.1.1.2. (Line 1.B.) Number of Inventories with Adjustments. The total number of line items inventoried (scheduled and unscheduled) that had an inventory variance.

C7.9.2.1.1.3. (Line 1.C) Inventory Variance Rate. Reflects the percentage of the line items inventoried that had an inventory variance. Compute this figure by dividing the lines with an Inventory Variance by the total line items inventoried and multiplying by 100. $\{(1B/1A) \times 100\}$.

C7.9.2.1.1.4. (Line 1.D.) Number of Inventory Adjustments Equal to or Greater Than (=/>) Causative Research Criteria. The total number of line items inventoried (scheduled and unscheduled) that had an inventory variance (overage or shortage equal to or greater than Causative Research threshold) (dollar value of the variance is =/> \$16,000 for uncontrolled item, \$2500 for a pilferable item and all adjustments of a sensitive/classified items).

C7.9.2.1.1.5. (Line 1.E.) Causative Research Variance Rate. The percentage of the total number of line items inventoried (scheduled and unscheduled) that had an inventory variance that met the Causative Research threshold. Compute this figure by dividing the lines that meet Causative Research Criteria by the total line items inventoried and multiplying by 100. $\{(1D/1A) \times 100\}$.

C7.9.2.1.2. (Line 2.) Number of Adjustments²

C7.9.2.1.2.1. (Line 2.A.) Number of Adjustment Gains (D8A). The total number of inventory gain adjustments.

C7.9.2.1.2.2. (Line 2.B.) Number of Adjustment Losses (D9A). The total number of inventory loss adjustments.

C7.9.2.1.2.3. (Line 2.C.) Number of Gain Reversals (D8A Reversal). The total number of gain reversals of inventory adjustments (from reporting and prior quarters).

C7.9.2.1.2.4. (Line 2.D.) Number of Loss Reversals (D9A Reversal). The total number of loss reversals of inventory adjustments (from reporting and prior quarters).

¹ Book-to-Book Adjustments are not included in section 1.

² Book-to-Book Adjustments are included in section 2.

C7.9.2.1.2.5. (Line 2.E.) Total Number of Inventory Adjustments. The total number of inventory gain or loss adjustments including the number of gain and loss reversals (from reporting and prior quarters) processed during the report period. $\{(2A + 2B + 2C + 2D)\}$

C7.9.2.1.2.6. (Line 2.F.) Number of Issues and Receipts (Transactions). The total number of Issues and Receipts posted during the report period.

C7.9.2.1.2.7. (Line 2.G.) Number of Adjustments, Gains, and Losses including Book-to-Book adjustments. The total number of Adjustments, Gains, and Losses including Book-to-Book adjustments posted during the reported period.

C7.9.2.1.2.8. (Line 2.H.) Transaction Adjustment Rate $\{2G/2F\}$. The total number of Adjustments, Gains, and Losses including Book-to-Book adjustments posted during the reported period compared to the total number of Issues and receipts posted during the report period. Compute this figure by dividing the total number of Adjustments, Gains, and Losses including Book-to-Book adjustments by the total number of Issues and receipts. $\{(2F/2G)\}$

C7.9.2.1.3. (line 3) Monetary Value of Adjustments (\$000)³

C7.9.2.1.3.1. (Line 3.A.) Value of Adjustment Gains (D8A). Monetary value of gain adjustments excluding the monetary value of gain reversals processed during the report period.

C7.9.2.1.3.2. (Line 3.B.) Value of Adjustment Losses (D9A). Monetary value of loss adjustments excluding the monetary value of loss reversals processed during the report period.

C7.9.2.1.3.3. (Line 3.C.) Value of Gain Reversals (D8A). The total monetary value of gain reversals processed during the reporting period.

C7.9.2.1.3.4. (Line 3.D.) Value of Loss Reversals (D9A). The total monetary value of loss reversals processed during the reporting period.

C7.9.2.1.3.5. (Line 3.E.) Total Value of Inventory Adjustments. Monetary value of gains and losses resulting from inventory adjustments including the monetary value of gain and loss reversals (from reporting and prior quarters) processed during the report period. $\{(3A+3B+3C+3D)\}$

C7.9.2.1.4. (Line 4) Adjustment Rates⁴

C7.9.2.1.4.1. (Line 4.A.) Average Value of Materiel in Storage. The average value of on-hand assets as reflected on storage activity's owner/manager property accountability records for the 12 months prior to the report cutoff date (i.e., current quarter plus three quarters).

C7.9.2.1.4.2. (Line 4.B.) Record Value of Items Inventoried. The extended value prior to inventory adjustments being posted during the reporting period.

C7.9.2.1.4.3. (Line 4.C.) Absolute Adjustment Rate for Materiel in Storage. Divide the value of the total number of inventory adjustments (including reversals) by the average value of materiel in storage. $\{(3E/4A) \times 100\}$

³ Book-to-Book Adjustments are included in section 3.

⁴ Book-to-Book Adjustments are included in section 4.

C7.9.2.1.4.4. (Line 4.D.) Absolute Adjustment Rate for Items Inventoried. Divide the value of the total number of inventory adjustments (including reversals) by the record value of items inventoried. $\{(3E/4B) \times 100\}$

C7.9.2.1.4.5. (Line 4.E.) Initial Adjustment Rate as Percentage of Materiel In Storage. Divide the value of the total number of inventory adjustments (without reversals) by the average value of materiel in storage. $\{(3A + 3B / 4A) \times 100\}$

C7.9.2.1.4.6. (Line 4.F) Initial Adjustment Rate as Percentage of Items Inventoried. Divide the value of the total number of inventory adjustments (without reversals) by the record value of items inventoried. $\{(3A + 3B) / 4B\}$

C7.9.2.1.5. Materiel Denials

C7.9.2.1.5.1. (Line 5.A.) Lines Directed for Shipment. The total number of line items directed for shipment (A5_ MRO, A4_ referral order, and A2_ redistribution order).

C7.9.2.1.5.2. (Line 5.B.) Total Materiel Release Denials. The total materiel denials (sum of total and partial denials, and warehouse refusals). Include denial transactions classified by denial Management Codes 1, 2, 3 (subsistence only) 4 and 5 (see appendix AP2.6) in the total.

C7.9.2.1.5.3. (Line 5.C) Materiel Denial Rate. Compute this figure by dividing the total denials by the line items directed for shipment and multiplying by 100. $\{(5B / 5A) \times 100\}$

C7.9.2.2. General Supplies - Accuracy and Performance Data -- Part II. Each DoD Component shall collect and maintain visibility of the following performance data for collective analysis of accuracy trends and corrective actions required.

C7.9.2.2.1. Receipt Processing. The accuracy rate is computed by dividing the total number of receipts (all types ... new procurements, redistributions, returns from maintenance, etc.) posted and stored to the property accountability record on time by total number of receipts and multiplying by 100 during the reporting period. The Components may separately measure receipt processing timeframes by the type of receipt (i.e. D4_, D6A, D6Ks, etc) based on business processes and negotiated agreements.

C7.9.2.2.2. Location Survey. The accuracy rate is computed by dividing the locations with discrepancies (Types 1, and 2 ~~and 3~~) by the total locations surveyed (during the reporting period) multiplying by 100, and subtracting the result from 100 percent.

C7.9.2.2.3. Location Reconciliation. This performance figure represents the total number of location records reconciled (i.e. sum of line items on the Inventory Manager's record and line items which were not on the Inventory Manager's record but were on the storage activities' records) during a specified reporting period. The accuracy rate is computed by dividing the number of discrepancies (as defined in paragraph C7.6.2.2.) by the number of records reconciled, multiplying by 100, and subtracting the result from 100 percent.

C7.9.2.2.4. Record Accuracy. This performance element represents the results of Type Physical Inventory/Transaction History Code N Sample Inventories. The sampling model incorporates a hierarchical approach where the total population of items is included and a single

sample is randomly selected. Each line item (NSN/SCC) selected is placed in only one of the four categories by determining whether it meets a category's criteria, in sequential order. Table C7.T.1 provides General Supplies Record Accuracy categories, goals and tolerances.”

C7.9.3. Ammunition Performance Standards and Data

NOTE: Section C7.9.3 and DD Form 2338-1, ICE Report (Ammunition), are not being revised by this ADC.

INVENTORY CONTROL EFFECTIVENESS (ICE) REPORT - PART I GENERAL SUPPLIES - INVENTORY ADJUSTMENT REPORT DATA <i>(Dollar Data Expressed in Thousands)</i>		REPORT CONTROL SYMBOL DD-A&L(Q)935
REPORTING ORGANIZATION	QUARTER ENDING:	FISCAL YEAR: TO DATE:
1. NUMBER OF PHYSICAL INVENTORIES & VARIANCE RATE		
A. NUMBER OF INVENTORIES COMPLETED		
B. NUMBER OF INVENTORIES WITH ADJUSTMENTS		
C. INVENTORY VARIANCE RATE $\{(1B/1A) \times 100\}$		
D. NUMBER OF INVENTORY ADJUSTMENTS => CAUSATIVE RESEARCH CRITERIA		
E. CAUSATIVE RESEARCH VARIANCE RATE $\{(1D/1A) \times 100\}$		
2. NUMBER OF ADJUSTMENTS		
A. NUMBER OF ADJUSTMENT GAINS		
B. NUMBER OF ADJUSTMENT LOSSES		
C. NUMBER OF GAIN REVERSALS		
D. NUMBER OF LOSS REVERSALS		
E. TOTAL NUMBER OF ADJUSTMENTS $\{(2A+2B+2C+2D)\}$		
F. NUMBER OF ISSUES AND RECEIPTS (TRANSACTIONS)		
G. NUMBER OF ADJUSTMENTS, GAINS AND LOSSES		
H. TRANSACTION ADJUSTMENT RATE $(2G/2F)$		
3. MONETARY VALUE OF ADJUSTMENTS (\$000)		
A. VALUE OF ADJUSTMENT GAINS		
B. VALUE OF ADJUSTMENT LOSSES		
C. VALUE OF GAIN REVERSALS		
D. VALUE OF LOSS REVERSALS		
E. TOTAL VALUE OF ADJUSTMENTS $\{(3A+3B+3C+3D)\}$		
4. ADJUSTMENT RATES		
A. AVERAGE VALUE OF MATERIEL IN STORAGE		
B. RECORD VALUE OF ITEMS INVENTORIED OR ADJUSTED		
C. ABSOLUTE ADJUSTMENT RATE FOR MATERIEL IN STORAGE $\{(3E/4A) \times 100\}$		
D. ABSOLUTE ADJUSTMENT RATE FOR ITEMS INVENTORIED OR ADJUSTED $\{(3E/4B) \times 100\}$		
E. INITIAL ADJUSTMENT RATE AS PERCENT OF MATERIEL IN STORAGE $\{(3A + 3B/4A) \times 100\}$		
F. INITIAL ADJUSTMENT RATE AS PERCENT OF ITEMS INVENTORIED OR ADJUSTED $\{(3A + 3B/4B)\}$		
5. MATERIEL DENIALS		
A. LINES DIRECTED FOR SHIPMENT		
B. TOTAL MATERIEL RELEASE DENIALS		
C. MATERIEL DENIAL RATE $(5B/5A \times 100)$		

ENCLOSURE 4 TO ADC 415

MILSTRAP AP 2.2

TYPE OF PHYSICAL INVENTORY/ TRANSACTION HISTORY CODES

NUMBER OF CHARACTERS: One

TYPE OF CODE: Alpha/Numeric

EXPLANATION: Used in physical Inventory/transaction history documents to identify the type of Inventory being conducted/ requested, or to identify requests for/transmission of custodial balances/transaction history.

RECORD POSITION: 70

<u>CODE</u>	<u>DEFINITION</u>
A through B	Reserved for future DoD assignment.
C	Special Inventory, all supply condition codes (<i>SCC</i>). Initiated by owner, accountable officers, or the storage activity <i>in support of inventory accuracy improvement initiatives</i> .
D	Special Inventory, all supply condition codes. Initiated by owner as a result of end of day processing imbalances.
E	Spot Inventory due to denial (all <i>SCCs</i>). Initiated by the storage activity or owner as a result of denials.
F	Reserved for future DoD assignment.
G	Scheduled Inventory. Inventory to be conducted within a specified period of time according to an established plan on controlled items and all other items or categories designated by the DoD Component.
H	Special Inventory, all <i>SCCs</i> . Initiated by owner when an Inventory is necessary and the date of last Inventory is less than 90 days.
I	Scheduled Inventory. Initiated by owner based on owner's inventory prioritization methodology.
J	Special Inventory, all <i>SCCs</i> . Initiated by owner as a result of location reconciliation errors.
K	Special Inventory, all <i>SCCs</i> . Initiated by storage activity as a result of location survey errors.
L	Scheduled Inventory, specified <i>SCCs</i> . Initiated by owner for a random statistical sample Inventory.
M	Special Inventory, all <i>SCCs</i> . Initiated by storage activity as a result of onhand balance mismatches between the locator and property accountability records.
N	Scheduled Inventory, specified <i>SCCs</i> . Initiated by storage activity for the annual statistical sample Inventory.

<u>CODE</u>	<u>DEFINITION</u>
O	Reserved for future DoD assignment.
P	Scheduled Inventory, specified <i>SCCs</i> . Initiated by storage activity for a random statistical sample Inventory.
Q	Reserved for future DoD assignment.
R	Special inventory, specified <i>SCC</i> . Initiated by storage activity in an effort to resolve a customer report of discrepancy.
S	Special inventory, specified <i>SCC</i> . Initiated by storage activity as part of receipt follow-up (intransit) resolution process.
T	Special inventory, specified <i>SCC</i> . Initiated by storage activity as a result of a disposal release order directing ownership transfer to the Recycling Control Point.
U	Special inventory, specified <i>SCC</i> . A location-level inventory initiated by storage activity for low asset visibility counts.
V	Special inventory, specified <i>SCC</i> . Initiated by storage activity as a result of a location-level inventory adjustment or exceeding predetermined thresholds.
W	Automatic submission of transaction history from storage activity to owner/ manager.
X	Storage activity transaction history requested by owner/manager or transaction history response from storage activity to owner.
Y	Annual (Total) Transaction History (optional for use to distinguish history associated with annual reconciliation from other transaction history).
Z	Reserved for future DoD assignment. <i>Special Inventory (specified SCC) systemically initiated by the storage activity for quantity mismatches within the storage activity's management system between the quantity-by-location and the owner balances (i.e., Book-to-Book).</i>
0 through 7	Reserved for future DoD assignment.
8 ¹	Distribution depot/storage activity has no transaction for the stock or part number requested for the dates specified, but transactions are available since the date of last location reconciliation. For use with DLMS Supplement 846P when beginning segment Report Type Code (1/BIA02/20) is 'AD'. Used only with DLMS.
9 ²	Distribution depot/storage activity has no transactions available for the dates specified or since the date of last reconciliation. For use with DLMS Supplement 846P when beginning segment Report Type Code (1/BIA02/20) is 'AD'. Used only with DLMS.

¹ As an interim exception, DLA vendor storage activities do not use codes 8 or 9 under DLMS. DLA vendor storage activities 8-fill or 9-fill the document number field, until such time as they fully implement ADC 198.

² See footnote 1.